



Federal Election Commission
Office of the Inspector General

SEMIANNUAL REPORT *to* CONGRESS

October 1, 2022 – March 31, 2023

May 2023



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

OFFICE OF THE CHAIR

May 26, 2023

The Honorable Kevin McCarthy
Speaker of the House of Representatives
H-232 Capitol Building
Washington, D.C. 20515

The Honorable Kamala D. Harris
President of the Senate
S-212 Capitol Building
Washington, D.C. 20510

Dear Mr. Speaker and Madam President:

Pursuant to the Inspector General Act of 1978, as amended, the Federal Election Commission submits the Office of Inspector General's *Semiannual Report to Congress*. The report summarizes the activity of the FEC Office of Inspector General ("OIG") from October 1, 2022 through March 31, 2023.

During this reporting period, the FEC's OIG completed, with the assistance of contract auditors, the annual audit of the FEC's financial statements. We are pleased to report that the Commission received an unqualified opinion on the required statements: the FEC's Balance Sheet as of September 30, 2022 and 2021, and the related Statements of Net Costs, Changes in Net Position, Budgetary Resources, and Custodial Activity for the years then ended. This marks the fourteenth consecutive year with no material weaknesses identified. The auditors raised issues pertaining to Information Technology security that do not rise to the level of a material weakness, but nonetheless merit attention by the Commission. The response of FEC management to those issues appears in the report, which was issued on November 14, 2022.

The FEC's OIG also completed a special review of the FEC's standard operating procedures related to non-FECA law enforcement inquiries without making a recommendation. A review of Commission Directive 06, Handling of Internally Generated Matters, was also completed with one recommendation, which is currently under consideration.

The Commission appreciates and shares the Office of Inspector General's commitment to sound financial and management practices and looks forward to continuing its cooperative working relationship as management takes appropriate measures to improve operations of the Commission. Copies of the *Semiannual Report to Congress* are being provided to the Chairs and Ranking Members of the FEC's oversight committees.

On behalf of the Commission,

A handwritten signature in black ink, appearing to read "Dara Lindenbaum". The signature is fluid and cursive, with a long horizontal stroke at the end.

Dara Lindenbaum
Chair

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Message *from the* Inspector General



It is with great pleasure that I present the Federal Election Commission (FEC) Office of the Inspector General (OIG) Semiannual Report to Congress for the period of October 1, 2022, to March 31, 2023. This report reflects the exceptional work of the FEC OIG team and their commitment to the critical mission of the OIG.

During the reporting period, the audit team published the results of the FY 2022 Financial Statement audit. Additionally, the audit team completed a special review of the FEC's procedures related to law enforcement inquiries. During the period the audit team initiated an audit of the FEC's human capital management program and began special reviews of the travel/charge card program and the hiring and staffing levels at the FEC. During the second half of FY 2023, the OIG team plans to conduct an additional audit (via contractual agreement) and a review of Commission Directives.

The investigative team continues to respond to hotline complaints and conduct investigations. During the reporting period, the investigative team completed one investigation. That investigation concerned an allegation that there were improprieties related to a hiring action for a vacant position within the Office of General Counsel. The OIG found that the evidence did not support the complaint and closed the matter with no recommendations for FEC management. The investigative team remains committed to promoting accountability by responding to hotline complaints and investigating allegations of wrongdoing.

The previous reporting period identified seven outstanding recommendations resulting from one inspection, one special review, and one investigation as of September 30, 2022. Four additional recommendations from the prior reporting period became subject to statutory follow-up requirements during the current reporting period. These four stemmed from one special review, one compliance review, and one investigation, bringing the total number of open recommendations (outstanding over six months) to 11 of which 4 were closed during the reporting period. The OIG team will continue to work with the Commission and agency leaders to address open OIG recommendations.

Additionally, the United States International Trade Commission (USITC) OIG conducted a modified peer review of the FEC OIG audit program during the reporting period. We are happy to report that the USITC OIG concluded that the FEC OIG's audit policies and procedures are current and consistent with applicable professional auditing standards and no findings were reported and no management letter of comment was issued.

Going forward, the FEC OIG remains committed to conducting audits and special reviews to strengthen the agency's internal controls, addressing hotline complaints, resolving outstanding audit and investigative

recommendations, and ensuring that the FEC and OIG programs evince a high level of integrity. I look forward to continuing to work with the FEC OIG team, the Commission, members of Congress, and my IG colleagues to provide oversight to the FEC on behalf of the American taxpayers. This Semiannual Report reflects the exceptional work of the FEC OIG team and their commitment to the critical mission of the OIG.



Christopher Skinner
Inspector General

OIG Personnel Updates

Additions:

None during this reporting period.

Farewells:

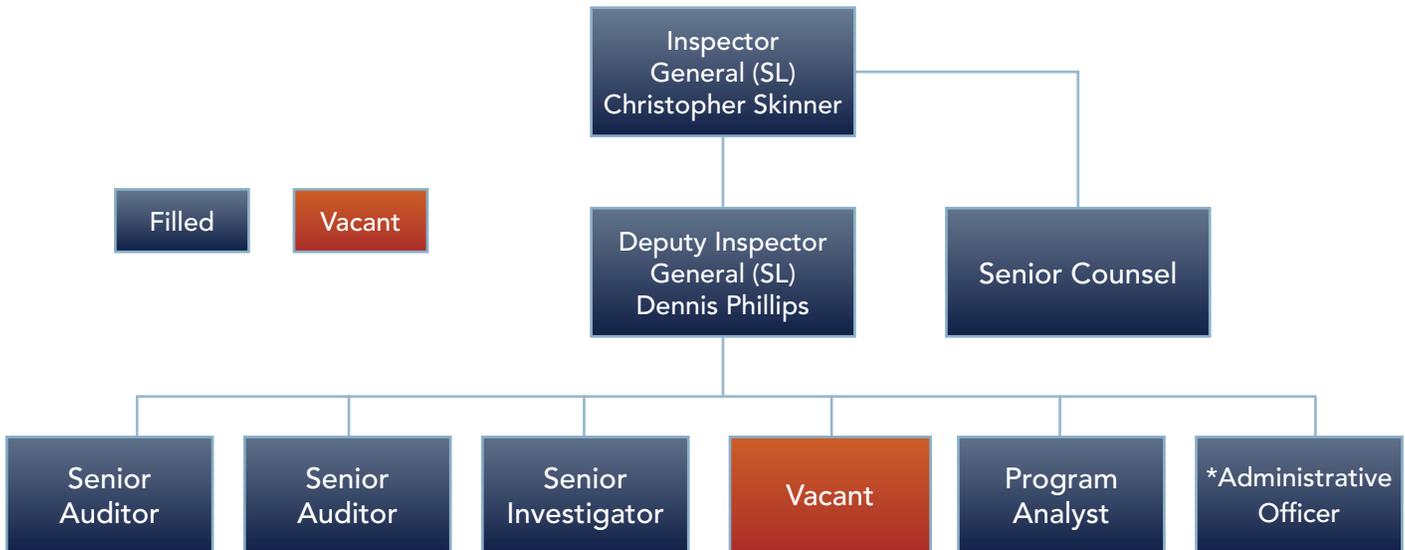
None during this reporting period.

Vacancies:

The OIG currently has one vacant position. The OIG Team is recruiting a program analyst to serve a six-month temporary detail assignment to support the OIG inspection and evaluation program.



FEC Office *of the* Inspector General Organization Chart



* Administrative Officer reports to the Deputy IG, supports all FEC OIG staff in administrative matters, and reports to the IG for purposes of managing the IG’s schedule and related items.

Updated: March 2022

Core Values

Commitment

We are committed to continually seek personal and operational growth opportunities to preserve the positive reputation of the OIG. We pledge our dedication to persistently enhance our skillsets in efforts to uphold the integrity of the FEC.

Respect

We are devoted to creating a professional and positive work environment in which all colleagues and stakeholders are treated with the utmost respect. We welcome, value, and embrace the diversity of everyone and behave respectfully to all with whom we interact.

Service

We pride ourselves in providing a non-confrontational, value-added service to customers through objective, accurate, and timely evaluations of OIG inquiries in support of FEC operations and procedures.

Honesty

We are honest, fair, and true to ourselves, to each other, and to our customers, which is reflected in our reputation. We behave with the highest levels of integrity, which is fundamental to who we are as a team.

Collaboration

We strive to collaborate and build key relationships within the OIG community and the FEC in order to improve program operations, efficiencies, and effectiveness. We universally work together to identify potential opportunities to partner with OIG stakeholders in efforts to resolve Government wide concerns and maximize the value to the citizens of the United States.

Balance

We aim to balance customer needs with the mission of the OIG and FEC while assuring all endeavors of our work reflect transparent and unbiased processes. We apply this practice through our application of due regard for our peers, our beliefs, our family, and our stakeholders.

Executive Summary

The *Inspector General Act of 1978*, as amended (IG Act), states that the Inspector General (IG) is responsible for conducting audits and investigations; recommending policies and procedures that promote economy, efficiency, and effectiveness of agency resources and programs; and preventing fraud, waste, abuse, and mismanagement.

The IG Act requires that the IG provide a means for keeping the head of its respective establishment (i.e., the “FEC” or “Commission”) and the Congress fully and currently informed of problems relating to the administration of FEC programs and operations through regular reports. Additionally, IGs are required to report to their respective establishments particularly serious or flagrant problems, abuses, or deficiencies relating to the administration of agency programs and operations.

This semiannual report provides the major accomplishments of the FEC OIG, as well as relevant information regarding additional OIG activities. The executive summary highlights the most significant completed activities of the OIG from October 1, 2022 to March 31, 2023. Additional details pertaining to each activity (e.g., audits, hotline, investigations, and special reviews) can be found in subsequent sections of this report. The FEC OIG staff relies and acts on its OIG Core Principles (honesty, collaboration, commitment, balance, service, and respect) and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) standards to ensure the integrity of all FEC OIG work products.

OIG Audit, Special Review, and Other Activity

FY 2022 Financial Statement Audit

During this reporting period, the independent public accountants (IPA), Brown & Company completed final testing and issued the agency’s FY 2022 Financial Statement (FS) audit report. The IPA determined that the FEC’s financial statements were presented fairly in all material respects and did not identify any material weaknesses that could have an impact on financial reporting. The report was issued on November 14, 2022.

The IPA is required to conduct additional testing on information systems (IT) controls, as the FEC is exempt from the *Federal Information Systems Management Act* (FISMA) and is not required to perform the annual FISMA audit. As part of this engagement, the IPA also performs follow-up on outstanding recommendations related to IT controls. Based on the internal control and follow-up reviews, four of the remaining prior year’s recommendations were closed. Currently there are three new control deficiencies and recommendations. Accordingly, there are three open recommendations.

Human Capital Management Audit

The Audit of FEC’s Human Capital Management commenced during the prior reporting period and it was awarded to IPA Brown & Company. The primary purpose of the audit is to determine if FEC’s human capital management program is adequate to ensure the strategic plan and mission of the agency is achieved and aligned with the Office of Personnel Management’s (OPM) Human Capital Framework (HCF). This engagement is being conducted as a performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). The IPA

completed fieldwork and the exit conference was held on March 13, 2023 to discuss the audit results with FEC management. The draft report was forwarded to management on March 24, 2023 for review and comments. The final audit report will be issued during the next reporting period.

Law Enforcement Inquiry Special Review

The primary purpose of this review was to assess whether the FEC had adequate policies and procedures to respond in a timely and effective manner to non-FECA inquiries made by law enforcement. The OIG concluded that the agency has policies and procedures in place to process FECA related inquiries; however, the agency did not have specific policies and procedures in place to address non-FECA related law enforcement inquiries. Additionally, based on the field research, the OIG concluded that contact from law enforcement regarding non-FECA matters appears to occur infrequently and as a result, the OIG made no formal recommendations. The OIG encourages the FEC to continue to work with the Department of Justice (DOJ) in the development of an MOU between both agencies to address similar matters.

Review of Commission Directive 06, Handling of Internally Generated Matters

This review was selected based on activity the OIG receives from its hotline. Specifically, the OIG often receives hotline complaints that fall outside of its authority and at times allege campaign finance violations. OIG review of FEC policy (i.e., Directive 06) identified ambiguity concerning the referral of such matters from the OIG to the Office of General Counsel (OGC) and, further, that Directive 06 has not been updated since 1978 despite significant statutory amendments. Accordingly, the OIG recommended that the Commission review and update Directive 06, as appropriate, to comport with current law and policy.

OIG Recommendations Follow-up Activity

The OIG has the responsibility to perform follow-up assessments to ensure that management has effectively implemented OIG recommendations. The OIG follows up on all FEC recommendations that have been outstanding for more than six months and identifies the progress management has made in addressing such recommendations to date.

The OIG continues to follow up with management to address outstanding recommendations. As of March 31, 2023, there are 7 outstanding recommendations greater than six months old (See complete details in Table III: Summary of Audit/Review/Inspection and Investigation Reports with Corrective Actions Outstanding).

OIG Hotline Activity and Investigations

The OIG manages its complaints primarily through the online hotline portal, through which members of the public and agency employees may submit matters to the OIG. During this reporting period, the OIG received 14 new hotline complaints and closed 13 complaints, ending the reporting period with one open hotline complaint. No outstanding hotline complaints remained from the prior reporting period.

The OIG previously reported four investigations as of September 30, 2022. During the reporting period, no new investigations were opened, one investigation was closed, and three investigations remain open with two currently put on hold pending ongoing litigation.

During the reporting period, the investigative team completed one investigation in which the OIG issued a report to the Commission. The investigation concerned an allegation that there were improprieties related to a hiring action for a vacant position within the Office of General Counsel. The OIG found that the evidence did not support the complaint and closed the matter with no recommendations for FEC management.

Top Management Challenges

In accordance with the *Reports Consolidation Act of 2000*, we identify the most serious management and performance challenges facing the Commission and provide a brief assessment of the Commission's progress in addressing those challenges. Each challenge area is related to the FEC's mission and reflects continuing vulnerabilities and emerging issues. The following identifies the FEC's most significant management and performance challenges in our FY 2023 report, which is based on our experience and observations from our oversight work:

1. Growth of campaign spending
2. Identifying and regulating unlawful foreign contributions
3. Continuity of operations
4. Human capital management
5. Cybersecurity

Peer Review

The United States International Trade Commission (USITC) OIG conducted a modified peer review of the FEC OIG audit program during the reporting period. We are happy to report that the USITC OIG concluded that the FEC OIG's audit policies and procedures are current and consistent with applicable professional auditing standards and no findings were reported and no management letter of comment was issued.

OIG Audit, Special Review, and Other Activity

Title:	FY 2022 Financial Statement Audit
Assignment Number:	OIG-22-01
Status:	Complete

During this reporting period, the independent public accountants (IPA), Brown & Company completed final testing and issued the agency's FY 2022 Financial Statement (FS) audit report. The exit conference was held on November 10, 2022, to discuss the draft report and audit findings. The IPA determined that the FEC's financial statements were presented fairly, in all material respects. The IPA did not identify any material weaknesses that could have an impact on financial reporting. The final report was issued on November 14, 2022.

As in prior years, the IPA is required by the FEC OIG's contract to conduct additional testing on information systems (IT) controls, as the FEC is exempt from the *Federal Information Systems Management Act (FISMA)* and is not required to perform the annual FISMA audit. As part of this engagement, the IPA also performs follow-up on outstanding recommendations related to IT controls. Based on the internal control and follow-up reviews, four of the remaining prior year's recommendations were closed. Currently there are three new control deficiencies and recommendations. Accordingly, there are three open recommendations.

The IPA also issued a management letter on November 21, 2022. The management letter contained three matters and suggestions for improvement that were not considered to be material weaknesses or significant deficiencies. These matters did not affect the FY 2022 FS Audit report issued on November 12, 2022.

Title:	Human Capital Management Audit
Assignment Number:	OIG-22-02
Status:	In progress

The Audit of FEC's Human Capital Management commenced during the prior reporting period. This audit is the first engagement under a 5-year Blanket Purchase Agreement that was awarded to Brown & Company, an IPA. The primary purpose of this audit is to determine if FEC's human capital management program is adequate to ensure the strategic plan and mission of the agency is achieved and aligned with the Office of Personnel Management's (OPM) Human Capital Framework (HCF). This engagement is being conducted as a performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS).

The IPA completed fieldwork and the exit conference was held on March 13, 2023 to discuss the audit results with Management. The IPA concluded that the FEC has not fully developed and implemented a strategic HCM plan sufficient to ensure the continuous achievement of its strategic goals and objectives. The draft report was forwarded

to Management on March 24, 2023 for review and comments. The final audit report will be issued during the next reporting period.

Title:	<u>Special Review of the FEC Standard Operating Procedures Related to non-FECA law enforcement inquiries</u>
Assignment Number:	SR-22-03
Status:	Complete

This special review was selected based on coordination challenges identified by external agency law enforcement personnel and in accordance with Section (4) of the *Inspector General Act of 1978*, as amended. The primary purpose of this review was to assess whether the FEC had adequate policies and procedures to respond in a timely and effective manner to non-FECA inquiries made by law enforcement. The OIG concluded that the agency has policies and procedures in place to process FECA related inquiries; however, the agency did not have specific policies and procedures in place to address non-FECA related law enforcement inquiries. Additionally, based on the field research, the OIG concluded that contact from law enforcement regarding non-FECA matters appears to occur infrequently and as a result the OIG made no recommendations. The OIG encourages the FEC to continue to work with the Department of Justice (DOJ) in the development of an MOU between both agencies to address similar matters.

Title:	Special Review of Staffing, Hiring, and Retention
Assignment Number:	SR-23-01
Status:	In progress

This special review was selected because of the centrality of staff and staffing levels to the FEC's ability to deliver on its mission objective: to protect the integrity of the federal campaign finance process by providing transparency and fairly enforcing and administering federal campaign finance laws. The primary purpose of this review is to evaluate trends in FEC staffing levels, as well as the causes and effects of attrition. The FEC's full-time staffing level fell from 354 full-time staff in September 2012 to 293 in September 2022. This period coincides with a substantial increase in both the number and dollar value of filings subject to FEC processing, review, and enforcement. We expect to complete the review and publish results including identified causes and effects during the April to September 2023 reporting period.

Title:	Special Review of the FEC Travel Charge/Purchase Card
Assignment Number:	SR-23-02
Status:	In progress

This special review was selected to ensure the program is compliant and operating in accordance with the *Government Charge Card Abuse Prevention Act of 2012* (Charge Card Act) and OMB Circular A-123, A Risk Management Framework for Government Charge Card Programs. The scope of the special review includes but is not limited to testing of charge travel card/purchase transactions to ensure compliance with applicable policies, procedures, laws/regulations, and guidance.

Title:	<u>Review of Commission Directive 06, Handling of Internally Generated Matters</u>
Assignment Number:	N/R
Status:	Complete

This review was selected based on activity the OIG receives from its hotline. Specifically, the OIG often receives hotline complaints that fall outside of its authority and at times allege campaign finance violations. OIG review of FEC policy (i.e., Directive 06) identified ambiguity concerning the referral of such matters from the OIG to the Office of General Counsel (OGC) and, further, that Directive 06 has not been updated since 1978 despite significant statutory amendments. Accordingly, the OIG recommended that the Commission review and update Directive 06, as appropriate, to comport with current law and policy.

Title:	FEC's Compliance with Improper Payments Reporting for Fiscal Year 2022
Assignment Number:	N/R
Status:	In progress

This compliance review satisfies the OIG's FY 2022 annual review of the FEC's compliance with the *Payment Integrity Information Act of 2019* (PIIA). This review is being conducted in accordance with the requirements in the OMB Circular A-123, Appendix C (March 2021), OMB Circular A-136 (August 10, 2021), OMB Annual Data Call Instructions, OMB Payment Integrity Question and Answer Platform, and the CIGIE Guide for PIIA.

The purpose of this compliance review is to evaluate whether the agency has complied with the PIIA and other applicable payment integrity guidance which includes publishing the appropriate improper payments information with the annual Performance and Accountability Report (PAR) or Annual Financial Report (AFR) along with accompanying materials for the most recent fiscal year. The OIG will examine the agency's payment integrity section and other improper payment disclosure sections of the FEC FY 2022 AFR posted on the agency's website. The OIG will issue and publish the results of this review during the next reporting cycle.

OIG Recommendations Follow-up Activity

Title:	OIG Recommendations Follow-up Activity
Assignment Number:	N/A
Status:	In Progress

As required by the *Inspector General Act of 1978*, as amended, the OIG is responsible for, among other things, conducting and supervising audits, inspections, and special reviews of the FEC's programs and operations. Additionally, the OIG has the responsibility to perform follow-up assessments to ensure that management has effectively implemented OIG recommendations. The OIG follows up on all recommendations that have been outstanding for more than six months and identifies the progress management has made in addressing such recommendations to date. Accordingly, the figures detailed herein do not include any recommendations less than six months old.

The previous reporting period identified seven recommendations outstanding for more than six months from three audit-related engagements (one inspection, one special review, and one audit). Four additional recommendations from the prior reporting period became subject to statutory follow-up requirements during the current reporting period. These four stemmed from one special review, one compliance review, and one investigation, bringing the total number of recommendations (outstanding over six months) to 11.

FEC staff closed four recommendations during the reporting period ending March 31, 2023, retiring all outstanding recommendations related to the following special review, compliance review, and investigation:

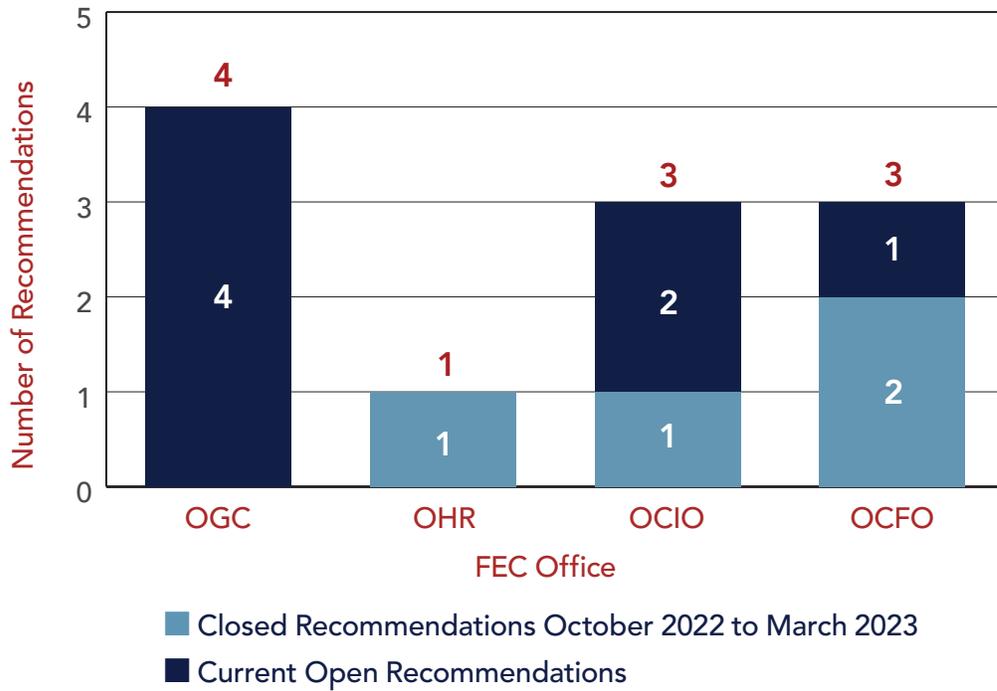
1. Special Review: Use of TRANServe Benefits During the FY 19 Government Shutdown
2. The Federal Election Commission's Compliance Review with Improper Payments Reporting for Fiscal Year 2021
3. I22INV00010: Lost FEC Laptop Reported by an Agency Employee

As of March 31, 2023, there were a total of seven open recommendations (outstanding over six months) from the following inspection, investigation, and special review:¹

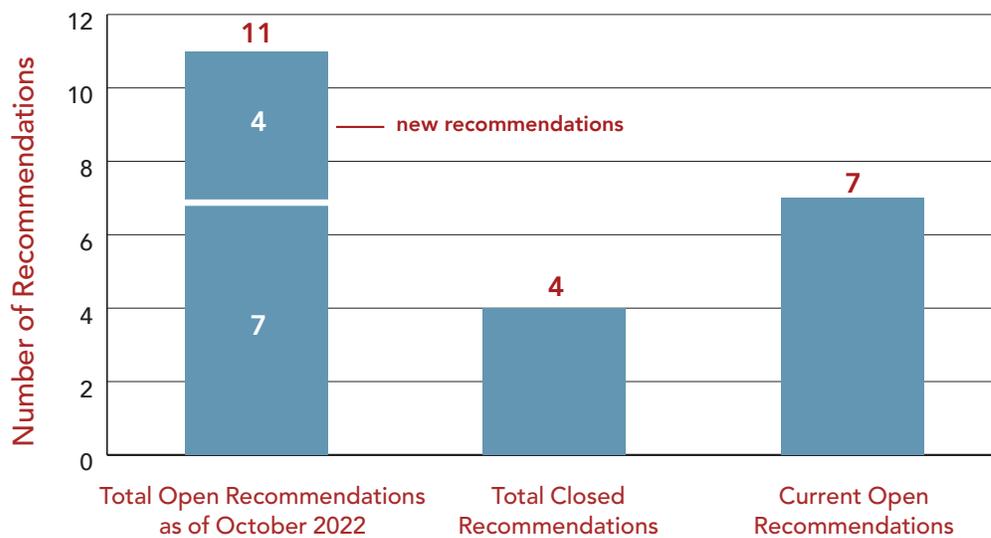
1. Inspection of the FEC's Disaster Recovery Plan and Continuity of Operations Plans (outstanding 10 years)
2. Investigation I21INV00037: Allegations of Bias Against Federal Election Commission Personnel Reviewing the 58th Presidential Inaugural Committee Reports (outstanding 1 year 8 months)
3. OIG Special Review of the Federal Election Commission (FEC) Contracting Officers Representative (COR) Program (outstanding 10 months)

¹ During the October 2022 to March 2023 reporting period, one audit and one review were published that included a total of four recommendations, of which all remain open. Including these four, the total number of open recommendations, regardless of age, was 11 as of March 31, 2023.

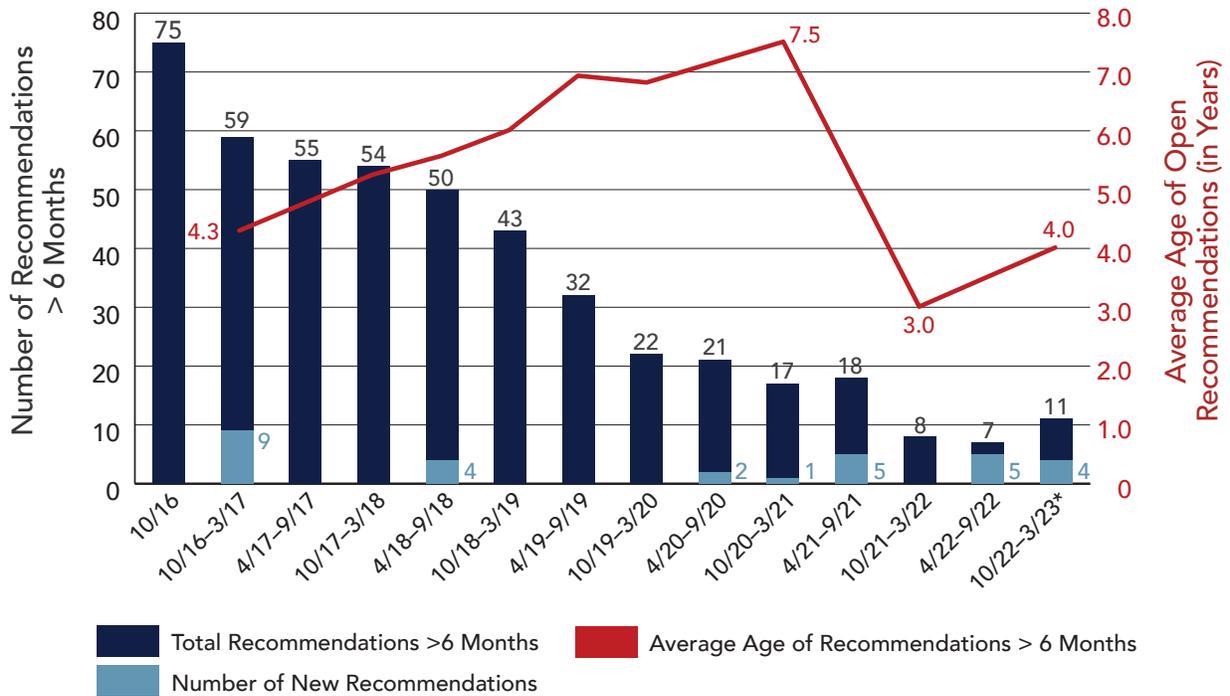
Recommendations Activity by FEC Office from October 2022 to March 2023 (> 6 months old)



Progress Report from October 2022 to March 2023



Open and New Recommendations Oct 2016 - Mar 2023 (> 6 Months)
 Average Age of Open Recommendations (> 6 Months)



* The period 10/22 to 3/23 includes 4 recommendations < 6 months. There are 7 open recommendations > 6 months as of March 31, 2023.

OIG Hotline Activity

The OIG hotline provides a means for FEC employees, FEC contractors, and the public to communicate directly and confidentially with the OIG regarding allegations of fraud, waste, abuse, mismanagement, and misconduct. Additionally, the OIG may open a hotline complaint based on information received from members of Congress, FEC management, or the results of an audit or review.

Persons who seek to submit complaints have three methods of submitting their inquiry: (1) the hotline portal, which is accessible through the OIG webpage; (2) the OIG hotline form (which can be mailed to the OIG's physical address); and (3) the OIG hotline telephone, which is actively monitored during business hours.

During this reporting period, the OIG received 14 new hotline complaints and closed 13 complaints, ending the reporting period with one open hotline complaint.² No outstanding hotline complaints remained from the prior reporting period.

The OIG takes all matters received on the hotline seriously. Accordingly, we carefully analyze all information received to determine the appropriate course of action. Those courses of action include but are not limited to:

- **Opened for investigation** – Issue involves an FEC employee, program/process, and alleges a violation of an applicable law, rule, or regulation.
- **OIG referral to management for action** – Issue is more suitably handled by management; OIG refers to management for action deemed appropriate.
- **OIG referral to another existing FEC program/process (i.e., OGC, EEO, HR)** – Existing process exists to resolve the issue; OIG refers the matter to relevant program/process for action deemed appropriate.
- **OIG referral to external agency** – Issue is best handled by another agency that has cognizance over the matter and/or it warrants criminal investigation/prosecution. OIG refers to relevant agency for action deemed appropriate.
- **OIG referral to the OIG audit or special review process** – The issue identifies compliance or internal control concerns regarding specific agency operations but does not warrant OIG investigation. OIG refers internally for potential audit or review.
- **Assist complainant** – OIG determines the complaint is best handled by an existing process and/or entity that is available to the complainant. OIG notifies the complainant of that process.
- **Closed with no further action** – Complaint is frivolous, has already been addressed, provides insufficient detail to act, or otherwise warrants no further OIG action. OIG advises complainant that the matter is not within the OIG's cognizance, when appropriate.

² The OIG also receives communications that do not rise to the level of complaints because they are not OIG specific and/or fail to state a complaint; we classify those as OIG Contacts for reporting purposes. During the reporting period, the OIG received and responded to 35 OIG Contacts.

OIG HOTLINE ACTIVITY

OIG Course of Action - Hotlines Closed	
Opened for investigation	0
OIG referral to FEC management	0
OIG referral to existing FEC program/process	3
OIG referral to external agency	3
OIG referral to OIG audit/special review	0
Assist complainant	7
Closed with no action	0
Total Hotlines Closed	13

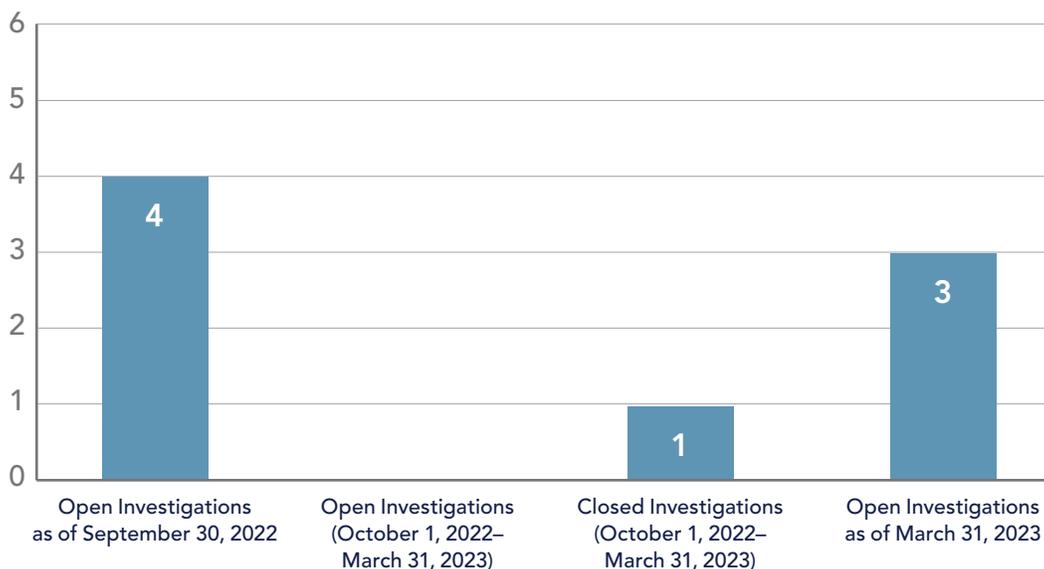
OIG Investigative Summaries

OIG investigations gather and analyze facts to resolve allegations of wrongdoing. OIG investigations may address administrative, civil, and criminal violations of laws, regulations, and policies and issues concerning the economy and efficiency of FEC operations and programs. The subject of an OIG investigation may include any agency employee, FEC contractor, consultant, or person or entity involved in alleged wrongdoing affecting FEC programs and operations.

As previously noted, the OIG evaluates all hotline complaints to determine if an investigation is warranted. OIG investigations involve a detailed analysis of the issues presented, as well as emerging issues identified by the OIG. That analysis includes, but is not limited to obtaining pertinent agency records, performing computer material examinations, and interviewing witnesses and subjects. Occasionally, open investigations may be closed without a Report of Investigation (ROI) due to, among other things, refuting evidence or lack of evidence obtained and/or the level of severity of the allegation(s). Additionally, competing priorities may indicate that an allegation of wrongdoing is better addressed by management than by OIG investigation.

If the OIG determines to proceed and prepare an ROI, that report will provide a summary of the complaint, document the specific allegation(s), the law(s) or regulation(s) associated with the allegation(s), the objective description of the case facts, and a conclusion of investigative findings (i.e., substantiated or not substantiated). In addition, where appropriate, the report addresses potential improvements to the economy and efficiency of FEC programs and operations. The OIG previously reported four investigations as of September 30, 2022. During the reporting period, no new investigations were opened, one investigation was closed, and three investigations remain open (two of these investigations are currently on hold pending ongoing litigation).

FEC OIG Status of Investigations (October 1, 2022 – March 31, 2023)



During the reporting period, the investigative team completed one investigation in which the OIG issued a report to the Commission. The investigation concerned an allegation that there were improprieties related to a hiring action for a vacant position within the Office of General Counsel. The OIG found that the evidence did not support the complaint and closed the matter with no recommendation for FEC management.

Closed Investigations - Courses of Action (October 1, 2022 – March 31, 2023)	# of Investigations
Investigations closed with ROI released to Commissioners	1
ROI completed and released to Commissioners and referred to local state authorities	0
Investigations closed with Management Alert Memorandum (requesting management to follow up with actions taken, if any)	0
Investigations closed with Closing Memorandum but not provided to management due to insufficient evidence	0
Investigations closed and referred to OIG audit/special review program	0
Referrals to DOJ for federal prosecution	0
Totals	1

Other Matters - OIG Legislation

On December 23, 2022, Congress signed into law the *James M. Inhofe National Defense Authorization Act* (NDAA) for Fiscal Year 2023, which included an amendment to the *Inspector General Act of 1978*. Not all the provisions outlined in the NDAA pertain to the FEC OIG. However, the FEC OIG has reviewed the NDAA amendments and have taken the following actions to address the provisions that apply to the FEC OIG.

Subtitle A – Section 5203 – Vacancy in position of Inspector General

Requires that the first assistant to Inspector General (IG) position automatically assume the role of acting IG if the current IG is removed from the position. This requirement is expressly applicable to presidential appointment IG positions.

The FEC IG, as a designated federal entity under the IG Act, is appointed by the Commission. The first assistant to the FEC IG is the Deputy IG. The OIG encourages the Commission to adopt Section 5203 in FEC policy. The adoption of Section 5203 would provide that the Deputy IG be automatically named Acting IG in the absence of the IG without a Commission vote.

Section 5204 – Office of Inspector General whistleblower complaints

Requires Whistleblower Protection Coordinators to include OIG employees in their educational outreach and communicate and coordinate with CIGIE’s Integrity Committee.

The FEC OIG Senior Counsel, in coordination with the FEC’s Office of General Counsel, created and adopted training materials to educate and remind employees of their Whistleblower protections. Additionally, the OIG educates staff about their whistleblower protections in the OIG new employee orientation brief.

Subtitle F – Section 5261 Notice of refusal to provide Inspectors General access

Directs IGs to notify Congress if they do not receive information or assistance necessary to conduct their responsibilities under the IG Act within 30 days after reporting such matter to the respective agency heads.

OIG staff have been advised to notify the Inspector General or Deputy Inspector General if they do not receive requested materials.

Section 5274 – Submission of reports that specifically identify non-governmental organizations or business entities.

This requires notification where OIGs specifically identify non-governmental organizations (NGOs) or business entities (BEs) in audit, evaluation, inspection or other non-investigative reports (hereinafter OIG non-investigative reports). In essence, the new requirements provides that NGOs or BEs identified in OIG non-investigative reports (whether or not they are subjects) must be notified of the report and given 30 days to review the report and provide written, clarifying information or context as it “directly relates” to each instance” where the report specifically identifies that NGO or BE. The 30-day timeline begins on the date of the report’s publication and OIGs must attach any written response to the report. Any report appearing on an OIG’s public-facing website must be updated to include a version of the non-investigative report with the NGO or BE’s written responses.

To assist OIGs with addressing these new requirements, CIGIE created an NDAA Working Group to develop guidance. That guidance will assist OIGs as they develop their approaches to comply with the new requirements and is not binding on any OIG. The FEC OIG continues to review the requirement and will issue internal policy, as needed, to comply with the requirement.

Top Management Challenges

In accordance with the *Reports Consolidation Act of 2000*, in early FY 2023 we identified the most serious management and performance challenges facing the Commission and provided a brief assessment of the Commission's progress in addressing those challenges. Each challenge area is related to the FEC's mission and reflects continuing vulnerabilities and emerging issues. The following summarizes FEC's most significant management and performance challenges in our latest [report](#), which is based on our experience and observations from our oversight work:

- 1. Growth of elections spending** – The FEC was established nearly fifty years ago to provide oversight of federal campaign finance. In recent years, federal campaign fundraising and spending have increased dramatically, particularly since the U.S. Supreme Court's decision in *Citizens United v. FEC* in 2010. The rapid growth of contributions to campaigns and committees, both in total dollars and in the number of contributions, has not been met with corresponding budgetary resources for the FEC to provide campaign finance oversight. Total spending on federal election campaigns during presidential years increased from \$3.1 billion in 2000 to approximately \$14.4 billion for the 2020 election cycle, nearly a 5-fold increase. Spending on the 2022 mid-term elections reached \$5.6 billion through September 30, 2022, nearly equaling the \$5.7 billion spent for the entirety of the 2018 mid-term election cycle. Projected spending for the full 2022 mid-term is \$7.7 billion based on historical precedents.
- 2. Identifying and regulating unlawful foreign contributions** – Identifying and regulating unlawful foreign contributions pose a significant challenge to the FEC. As committee expenditures and the number of transactions subject to FEC regulation and oversight increase, potential contributions by foreign nationals also increase, which demands greater scrutiny by agency regulators. However, a recent OIG report found that the FEC's practice of relying on filers' self-certifications concerning potential foreign contributions poses a national security risk and provides insufficient oversight of possible illegal foreign donations. Indeed, numerous recent cases highlight the risk of unlawful foreign influence in U.S. elections.
- 3. Continuity of Operations** – Recent and dramatic changes in workplace dynamics due to the COVID-19 pandemic pose many management and performance challenges for the FEC. Federal agencies, including the FEC, have implemented various return-to-office policies after the expiration of evacuation orders that mandated remote work during the height of the pandemic. However, substantial uncertainty remains regarding how the post-pandemic work environment will look for the FEC, how the FEC's telework policies will affect retention and recruitment, and how the agency would respond to a future pandemic or similar event that disrupts operations.

4. **Human Capital Management** – Human capital management is the process of acquiring, training, managing, and retaining employees to effectively execute the agency’s mission. In prior management challenge reports the OIG identified, among other things, the unusual salary structure of certain senior leaders at the Commission (including Commissioners), the practice of agency personnel serving in acting positions for extended periods of time, and the Commission’s attempt to address these issues through repeated legislative recommendations to Congress. These challenges have a direct impact on the Commission’s management of human capital. For example, the problems brought about by the challenged senior salary structure, coupled with declining staffing levels and increased workload, appear to have contributed to the recent 29th out of 29 ranking among small agencies that the FEC received in the Partnership for Public Service’s 2021 Best Places to Work in the Federal Government [report](#).
5. **Cybersecurity** - Protecting data, systems, and networks from threats remains a top challenge. The FEC was established to protect the integrity of federal campaign finance by providing transparency and enforcing and administering federal campaign finance laws. In doing so, the FEC discloses campaign finance data to the public and as a result, encounters large volumes of webpage traffic from stakeholders and members of the public. In efforts to streamline transparency initiatives and improve business processes, the Commission is more technology reliant today, as is society; as such, it is imperative that the Commission continue to prioritize cybersecurity.

Council of the Inspectors General on Integrity and Efficiency

Mr. Christopher Skinner, the Inspector General, attends CIGIE monthly meetings as well as CIGIE sponsored conferences and professional development seminars. Mr. Skinner is an active member of the CIGIE Technology, Legislative and Budget Committees. He also serves on the IG Candidate Panel, reviewing candidates interested in presidential appointment, needing Senate confirmation (PAS), or for Designated Federal Entity (DFE) Inspector General Positions.

Mr. Dennis Phillips, the Deputy Inspector General, participates in the Deputy Inspectors General quarterly meetings and OIG investigative meetings.

Ms. Carla Smith, Senior Counsel, participates in the following recurring meetings: CIGIE Legislative Committee, Counsel to the OIG, Counsel to the small OIG, *Freedom of Information Act* (FOIA) and Professional Development Committee (PDC). Carla currently serves as the Vice Chair of the Leadership Innovation Subcommittee. In this position, she assists in developing community-wide forums and events that foster continual innovation and knowledge sharing in leadership development for the OIG community.

Ms. Shellie Purnell-Brown, Senior Auditor, participates in the Enterprise Risk Management working group and serves as the Chair of the Federal Audit Executive Council (FAEC) Annual Conference Planning Committee.

List of Trainings, Meetings & Conferences

The chart below provides a list of trainings, meetings, programs, seminars, and/or conferences attended by the IG and the OIG staff for the period October 1, 2022 to March 31, 2023.

Trainings, Meetings, Conferences, Etc.	
Host / Sponsor	Topic / Subject
AETNA	Retirement Planning & Resources: Understanding Medicare/Medicaid
AINS	Virtual User Conference
Bureau of the Fiscal Service	2022 JFMIP Virtual Conference
Council of the Inspectors General on Integrity and Efficiency (CIGIE)	<ul style="list-style-type: none"> 9th Annual CIGIE Leadership Forum Business Diversity Subgroup Meeting Candidate Panel Review CDO Shop Talk: Insights on Implementing DEIA DEI&A Group, Business Supplier Diversity Workgroup Deputy Inspector General Quarterly Meeting Digital Assets: Legitimate uses in the Traditional Financial System in Contrast to Nefarious Activities Diversity, Equity & Inclusion (DE&I) Monthly Meeting Connect, Collaborate, and Learn (CCL) - Effective Communication when Conducting Audits Evaluations and Inspections ERM to Drive Programmatic Success Virtual Workshop ERM Quarterly Working Group Essentials of Inspector General Investigations Hotline Operator Training Program (HOTP-2301) Infrastructure Working Group Investigations Committee / Assistant Inspector General for Investigations Committee (IC / AIGI) Quarterly Meeting Lead & Learn - One on One with Deidre Harrison Leadership in Government Legislative Committee Meeting Monthly Meeting with Inspectors Generals

Trainings, Meetings, Conferences, Etc.	
Host / Sponsor	Topic / Subject
Council of the Inspectors General on Integrity and Efficiency (CIGIE) (Cont.)	Monthly Meeting with Counsel
	Small Agency Council-Finance Meeting
	Small/Unique OIG Quarterly Meeting
	Suspension and Department training
	Tech Tuesday's
	Technology Committee's Cybersecurity Working Group - DHS/CISA Vulnerability Disclosure Policy Platform
	Training for Training Officers for FY24 Projections
	Virtual Procurement Conference
Department of Defense (DoD)	Quarterly Hotline Working Group
Federal Election Commission	DEIA Dishes and Discussion
	Director's Meeting
	Finance Committee Meeting
	Human Capital Management Audit Bi-weekly Status Meeting
	Introduction to IG Authorities
	OCIO Training on Excel Pivot Tables
	OIG New Hire Orientation
	OIG Update to the Commission
Winding Down the Campaign and Post-General Reporting Webinar	
Federal Employment Law Training Group, LLC	Workplace Investigations
Government Accounting Office (GAO)	Election Security: OIG'S Role Webinar
	Data Act Working Group (DAWG) Coordination Meeting
Government Publishing Office (GPO)	Centralized Issuance LEO Credentials - Photos and Signature Seminar
General Services Administration (GSA)	2022 GSA Smart Pay Virtual Forum
George Mason University	Chief Risk Officer Program

Trainings, Meetings, Conferences, Etc.	
Host / Sponsor	Topic / Subject
HRMorning	How Travel and Offsite Meetings Enhance Employee Experience
Institute of Internal Auditors	Board and Officers Meeting
Management Concepts	HR Boot Camp HR Analytics Leadership & DEIA in the Federal Government: Laying the Foundation Webinar
Office of Personnel Management (OPM)	Employee Engagement Training
Washington University/ Brookings Institute	Leading in a VUCA World

Reporting Requirements

Reporting requirements required by the IG Act, as amended, are detailed below:

IG Act	DESCRIPTION	PAGE
Section 4(a)(2)	Review of Legislation	None
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	None
Section 5(a)(2)	Recommendations with Respect to Significant Problems, Abuses, and Deficiencies	None
Section 5(a)(3)	Recommendations Included in Previous Reports on Which Corrective Action Has Not Been Completed (Table III)	30
Section 5(a)(4)	Matters Referred to Prosecuting Authorities	None
Section 5(a)(5)	Summary of Instances Where Information was Refused	None
Section 5(a)(7)	Summary of Significant Reports	None
Section 5(a)(8)	Questioned and Unsupported Costs (Table I)	28
Section 5(a)(9)	Recommendations that Funds be Put To Better Use (Table II)	29
Section 5(a)(10) (A)	Summary of Audit Reports issued before the start of the Reporting Period for which No Management Decision has been made	None
Section 5(a)(10) (B)	Summary of Audit Reports Issued Before the start of the Reporting Period for which No Management Comment was Returned Within 60 Days	None
Section 5(a)(10) (C)	Summary of Audit Reports Issued Before the Start of the Reporting Period for which There Are Outstanding Unimplemented Recommendations	None
Section 5(a)(11)	Significant Revised Management Decisions	None
Section 5(a)(12)	Management Decisions with which the Inspector General is in Disagreement	None
Section 5(a)(14)	Peer Review Recommendations	32
Section 5(a)(17), (18)	Investigative Reports Table and Metrics (Table IV)	15–18 and 31

REPORTING REQUIREMENTS

IG Act	DESCRIPTION	PAGE
Section 5(a)(19)	Investigations Involving a Senior Government Employee with Substantiated Misconduct	None
Section 5(a)(20)	Instances of Whistleblower Retaliation	None
Section 5(a)(21)	Attempts by the Agency to Interfere with OIG Independence	None
Section 5(a)(22)	Undisclosed Inspections, Evaluations, Audits, and Investigations	None

Table I: Inspector General Issued Reports with Questioned Costs

	Required reporting	Number of Reports	Questioned Costs	Unsupported Costs
A.	For which no management decision has been made by commencement of the reporting period	0	0	0
B.	Which were issued during the reporting period	0	0	0
	Sub-Totals (A&B)	0	0	0
C.	For which a management decision was made during the reporting period	0	0	0
	(i) Dollar value of disallowed costs	0	0	0
	(ii) Dollar value of costs not disallowed	0	0	0
D.	For which no management decision has been made by the end of the reporting period	0	0	0
E.	Reports for which no management decision was made within six months of issuance	0	0	0

Table II: Inspector General Issued Reports with Recommended Actions That Funds Be Spent to Better use

	Required Reporting	Number of Rec's	Dollar Value (In Thousands)
A.	For which no management decision has been made by the commencement of the reporting period	0	0
B.	Which were issued during the reporting period	0	0
C.	For which a management decision was made during the reporting period	0	0
	(i) dollar value of recommendations were agreed to by management	0	0
	based on proposed management action	0	0
	based on proposed legislative action	0	0
	(ii) dollar value of recommendations that were not agreed to by management	0	0
D.	For which no management decision has been made by the end of the reporting period	0	0
E.	Reports for which no management decision was made within six months of issuance	0	0

Table III: Summary of Audit, Review, Inspection, and Investigative Reports with Corrective Actions Outstanding

Report Title	Report Number	Date Issued	Total Rec's	Closed	Open	Cost Savings
Inspection of the Federal Election Commission's Disaster Recovery Plan and Continuity of Operations Plans	OIG-12-06	01/13	2	0	2	0
Use of TRANServe Benefits During the Fiscal Year 2019 Government Shutdown	SR-19-01	07/20	1	1	0	0
Investigation I21INV00037	I21INV00037	08/21	4	0	4	0
Compliance with Improper Payments Reporting for Fiscal Year 2021	SR-22-02	05/22	1	1	0	0
Special Review of the FEC Contracting Officers Representative (COR) Program	SR-22-01	05/22	2	1	1	0
Investigation I22INV00010	I21INV00010	06/22	1	1	0	0
Totals			11	4	7	0

Table IV: Summary of Investigative Reports and Actions³

FEC OIG Investigations Courses of Action (Oct 1, 2022 – Mar 31, 2023)	Number
Total number of investigative reports issued	1
Total number of persons referred to DOJ for criminal prosecution	0
Total number of persons referred to state and local prosecuting Authorities for criminal prosecution	0
Total number of indictments and criminal information resulting from any prior referral to prosecuting authorities	0
Total Investigations Closed	1

³ Metrics Used for Developing Data for Table IV:

Total number of investigative reports issued - reflects the number of all Reports of Investigation (ROI) issued to FEC Commissioners, management alert memorandums, closing memorandums, and other referral memorandums during the reporting period;

Total number of persons referred to DOJ for criminal prosecution and total number of persons referred to state and local prosecuting authorities for criminal prosecution - reflects the total number of referrals for criminal prosecution made by the FEC OIG to the respective criminal prosecuting authorities during the reporting period; and

Total number of indictments and criminal information resulting from any prior referral to prosecuting authorities - includes all indictments and information issued during the reporting period by Federal, State, or local criminal prosecuting authorities based upon any referral by the FEC OIG, whether the referral was made during this reporting period or a prior reporting period.

Appendix A: Peer Review Results

In accordance with the IG Act, OIGs are required to report to Congress, as applicable, results of any peer reviews it received or conducted during the reporting period. Specifically, OIGs are required to report any outstanding recommendations that resulted from the peer review.

The United States International Trade Commission (USITC) OIG conducted a modified peer review of the FEC OIG audit program during the reporting period. A modified peer review does not express an opinion and does not issue a grade (i.e. pass, fail). The main purpose of a modified peer review is to assess whether policies and procedures submitted for review were current and consistent with applicable professional standards. We are happy to report that the USITC OIG concluded that the FEC OIG's audit policies and procedures are current and consistent with applicable professional auditing standards and no findings were reported and no management letter of comment was issued.

The FEC OIG initiated a peer review of the Architect of the Capitol OIG investigations program during the reporting period and anticipates completing that peer review during the next reporting period.

Appendix B: Mission Statements

Office of Inspector General

The FEC OIG is committed to detecting and preventing fraud, waste, abuse, and other violations of law, and to promoting economy, efficiency and effectiveness in the operations of the FEC. The OIG strives to collaboratively promote improvements to FEC strategic operations, programs, and initiatives by independently conducting value-added audits, reviews, and investigations. Our vision is to serve as trusted agents in driving positive change and promoting integrity in FEC programs and operations.

The Federal Election Commission

The FEC is the independent regulatory agency charged with administering and enforcing the federal campaign finance law. The FEC has jurisdiction over the financing of campaigns for the U.S. House, Senate, Presidency and the Vice Presidency. Its mission is to protect the integrity of the Federal campaign finance process by providing transparency and fairly enforcing and administering federal campaign finance laws.

In 1975, Congress created the FEC to administer and enforce the *Federal Election Campaign Act of 1971*, as amended. The duties of the FEC, an independent regulatory agency, are to disclose campaign finance information, enforce the provisions of the law, and oversee the public funding of presidential elections.

The Commission consists of six members who are appointed by the President and confirmed by the Senate. Each member serves a six-year term, and two seats are subject to appointment every two years. By law, no more than three Commissioners can be members of the same political party, and at least four votes are required for any official Commission action. The Chairmanship of the Commission rotates among the members each year, with no member serving as Chairman more than once during his or her term.

Currently, the FEC has six Commissioners – Dara Lindenbaum (Chair), Sean J. Cooksey (Vice Chairman), Shana M. Broussard, Allen Dickerson, James E. “Trey” Trainor, III, and Ellen L. Weintraub.

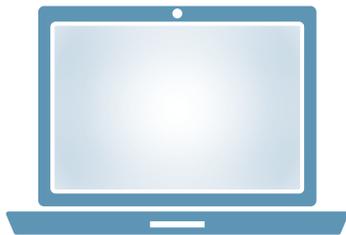


Federal Election Commission
Office of the Inspector General

REPORT FRAUD, WASTE, & ABUSE

OIG Hotline Portal

<https://fecoirg.ains.com>



* Also accessible via:
<http://www.fec.gov/oig>

OIG Hotline Phone

202-694-1015



* Available from 9:00 a.m. to 5:00 p.m.
Eastern Standard Time, Monday through
Friday, excluding federal holidays.

Or you may call toll free at 1-800-424-9530 (press 0; then dial 1015). You may also file a complaint by completing the Hotline Complaint Form (<http://www.fec.gov/oig>) and mailing it to: 1050 First Street, N.E., Suite 1010, Washington DC 20463.

Individuals including FEC and FEC contractor employees are encouraged to alert the OIG to fraud, waste, abuse, and mismanagement of agency programs and operations. Individuals who contact the OIG can remain anonymous. However, persons who report allegations are encouraged to provide their contact information in the event additional questions arise as the OIG evaluates the allegations. Allegations with limited details or merit may be held in abeyance until further specific details are reported or obtained. Pursuant to the Inspector General Act of 1978, as amended, the Inspector General will not disclose the identity of an individual who provides information without the consent of that individual, unless the Inspector General determines that such disclosure is unavoidable during the course of an investigation. To learn more about the OIG, visit our Website at: <http://www.fec.gov/oig>.

Together we can make a difference!